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**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE 2007-00462  
RESPONSES TO THE FIRST DATA REQUEST FOR  
APPROVAL OF THE ISSUANCE OF CLEAN RENEWABLE  
ENERGY BONDS IN AN AMOUNT UP TO \$15.8 MILLION  
FOR A TERM OF UP TO SIXTEEN YEARS  
DATED 11/21/07**

**FILED 11/29/07**



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PUBLIC SERVICE  
COMMISSION

November 29, 2007

OVERNIGHT DELIVERY

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: PSC Case No. 2007-00462

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case an original and seven copies of the Responses of East Kentucky Power Cooperative, Inc., to the Commission Staff's First Data Request dated November 21, 2007.

Very truly yours,

A handwritten signature in cursive script that reads 'Charles A. Lile'.

Charles A. Lile  
Senior Corporate Counsel

Enclosures





**EAST KENTUCKY POWER COOPERATIVE**

**CASE NO. 2007-00462**

**INFORMATION REQUEST RESPONSE**

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED NOVEMBER 21, 2007  
REQUEST NO. 1**

**RESPONDING PERSON: Frank J. Oliva**

**Request No. 1:** Refer to page 2, paragraph 6, of EKPC's application, specifically, the next-to-last sentence of the paragraph, which states "EKPC agrees not to use CREB funds for any proposed LFGTE projects prior to any necessary review of the construction by the Commission." As the Commission has not performed inspections of EKPC's existing Landfill Gas to Energy ("LFGTE") facilities, describe the type of review to which this statement refers.

**Response No. 1:** EKPC has sought declaratory orders from the Commission designating its LFGTE facilities as normal extensions of its existing system in the ordinary course of business, pursuant to 807 KAR 5:001 Section 9 (3), based on the recommendations of the Commission staff when the first LFGTE projects were developed. The statement in the application refers to EKPC's plans to continue this process, unless otherwise directed by the Commission, prior to the use of any CREB financing for the planned Mason County and Montgomery County LFGTE projects.



**EAST KENTUCKY POWER COOPERATIVE**

**CASE NO. 2007-00462**

**INFORMATION REQUEST RESPONSE**

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED NOVEMBER 21, 2007  
REQUEST NO. 2**

**RESPONDING PERSON: Frank J. Oliva**

**Request No. 2:** Refer to Exhibit 2, page 1 of 2, of the application, at the second bullet, Interest Rates, under the heading "Terms and Conditions." Provide clarification of whether this description means that the maximum interest rate will be 1.5 percent.

**Response No. 2:** That is correct. The maximum interest rate will be 1.5 percent.



EAST KENTUCKY POWER COOPERATIVE

CASE NO. 2007-00462

INFORMATION REQUEST RESPONSE

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED NOVEMBER 21, 2007  
REQUEST NO. 3**

**RESPONDING PERSON: Frank J. Oliva**

**Request No. 3:** Refer to Exhibit 2, page 2 of 2, of the application, at the fifth bullet, Prepayment Options, under the heading "Terms and Conditions." The second sentence reads "Mandatory prepayments will be required consistent with the applicable regulations on CREBs to be issued by the U.S. Treasury Department.

a. From this wording, is it correct to infer that the regulations on mandatory prepayments have not yet been issued?

b. This is EKPC's first request for approval to use Clean Renewable Energy Bonds ("CREB"). When did the National Rural Utilities Cooperative Finance Corporation ("CFC") first implement the CREB program.

**Response No. 3:** a. Yes. The Final regulations on mandatory prepayments have not been issued by the IRS. The CREBs are being issued based upon reliance on a temporary notice issued by the IRS in July 2007. This action has been approved by CFC legal counsel.

b. The National Rural Utilities Cooperative Finance Corporation ("CFC") first implemented the CREB program in late 2005, shortly after The Energy Policy Act of 2005 was enacted, for a two year period beginning in January 2006.



**EAST KENTUCKY POWER COOPERATIVE**

**CASE NO. 2007-00462**

**INFORMATION REQUEST RESPONSE**

**PUBLIC SERVICE COMMISSION DATA REQUEST DATED NOVEMBER 21, 2007  
REQUEST NO. 4**

**RESPONDING PERSON: Frank J. Oliva**

**Request No. 4:** Refer to Exhibit 3, page 1 of 1, of the application, which is a letter from the Rural Utilities Service approving a lien accommodation in order to permit EKPC to obtain CREB financing from CFC in an amount not to exceed \$20,985,552.

a. The letter is not dated. Provide the date of the letter and/or the date on which it was received by EKPC.

b. The amount referenced in the letter is approximately \$5.2 million greater than the amount for which EKPC has requested approval in its application. Explain why EKPC's request is not for the same amount as that referenced in the letter.

**Response No. 4:** a. The Lien Accommodation letter was dated July 20, 2007, and was received by EKPC August 1, 2007.

b. As stated in the application, Exhibit 4, page 5 of 7, under Benson Valley LFGTE, this project, previously estimated to cost approximately \$5,199,600, has been removed from this initial CREB financing because EKPC has been unable to obtain a contract with the landfill owners to warrant going forward with the project at this time. Upon a successful contract agreement in the future, this project will be funded by subsequent CREB financing.

